

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

CONTENTS

	Page
Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6
Supplementary Information.....	16
Schedule of Net Position.....	17
Schedule of Revenues, Expenses and Changes in Net Position	18
Other Information.....	19

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
California State University, Northridge Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of California State University, Northridge Foundation, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California State University, Northridge Foundation as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
California State University, Northridge Foundation

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of net position, revenues, expenses and changes in net position and other information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited California State University, Northridge Foundation's June 30, 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 21, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Green Hasson & Janks LLP

September 12, 2013
Los Angeles, California

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

STATEMENT OF FINANCIAL POSITION

June 30, 2013

With Summarized Totals at June 30, 2012

	2013	2012
ASSETS		
Cash and Cash Equivalents	\$ 3,587,009	\$ 2,279,235
Investments	97,545,302	86,098,907
Restricted Cash and Cash Equivalents	2,499,581	601,649
Pledges Receivable (Net)	4,581,076	5,823,306
Prepaid Expenses and Other Receivables	350,394	102,599
Gift Annuities Receivable (Net)	182,854	162,314
Beneficial Interest in Charitable Remainder Trusts	1,175,157	593,067
Other Assets	884,300	884,300
Collections	-	-
	\$ 110,805,673	\$ 96,545,377
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable and Accrued Liabilities	\$ 114,480	\$ 130,060
Amounts Payable to the University	120,905	5,043
Amounts Payable to Other University		
Auxiliary Organization	269,256	21,389
Deferred Revenue	57,292	125,000
	561,933	281,492
NET ASSETS:		
Unrestricted - Undesignated	8,427,156	5,563,082
Unrestricted - Board-Designated	4,000,000	3,000,000
Unrestricted - President's Special Fund	101,328	163,212
	12,528,484	8,726,294
TOTAL UNRESTRICTED NET ASSETS	12,528,484	8,726,294
Temporarily Restricted	57,923,959	49,494,766
Permanently Restricted	39,791,297	38,042,825
	110,243,740	96,263,885
TOTAL NET ASSETS	110,243,740	96,263,885
TOTAL LIABILITIES AND NET ASSETS	\$ 110,805,673	\$ 96,545,377

The Accompanying Notes are an Integral Part of These Financial Statements

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

STATEMENT OF ACTIVITIES
Year Ended June 30, 2013
With Summarized Totals for the Year Ended June 30, 2012

	2013				2012 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
REVENUE AND SUPPORT:					
SUPPORT:					
Contributions	\$ 64,698	\$ 8,371,525	\$ 1,673,303	\$ 10,109,526	\$ 5,811,096
Contributed Goods	-	160,851	-	160,851	316,626
Change in Value of Gift Annuities Receivable	-	13,207	-	13,207	(2,255)
Change in Value of Beneficial Interest in Charitable Remainder Trusts	-	87,790	-	87,790	276,816
TOTAL SUPPORT	64,698	8,633,373	1,673,303	10,371,374	6,402,283
OTHER REVENUE (LOSS):					
Program Income	-	577,361	-	577,361	522,263
Investment Income (Loss) (Net)	3,604,513	6,516,901	-	10,121,414	(2,393,111)
Royalties	90,481	-	-	90,481	63,386
Other	251,243	293,763	-	545,006	611,101
TOTAL OTHER REVENUE (LOSS)	3,946,237	7,388,025	-	11,334,262	(1,196,361)
TOTAL REVENUE AND SUPPORT	4,010,935	16,021,398	1,673,303	21,705,636	5,205,922
Net Assets Released from Purpose Restrictions	7,517,036	(7,517,036)	-	-	-
Donor Reclassifications	-	(75,169)	75,169	-	-
TOTAL REVENUE AND SUPPORT AND NET ASSETS RELEASED FROM RESTRICTIONS	11,527,971	8,429,193	1,748,472	21,705,636	5,205,922
EXPENSES:					
PROGRAM SERVICES:					
Scholarships	1,702,760	-	-	1,702,760	1,035,921
Support for Performing Arts Center	475,124	-	-	475,124	1,775,000
University Departmental Support	4,498,715	-	-	4,498,715	3,835,018
Public Awareness	337,882	-	-	337,882	343,834
TOTAL PROGRAM SERVICES	7,014,481	-	-	7,014,481	6,989,773
SUPPORTING SERVICES:					
General and Administrative	691,697	-	-	691,697	736,164
Fundraising	19,603	-	-	19,603	55,908
TOTAL SUPPORTING SERVICES	711,300	-	-	711,300	792,072
TOTAL EXPENSES	7,725,781	-	-	7,725,781	7,781,845
CHANGE IN NET ASSETS	3,802,190	8,429,193	1,748,472	13,979,855	(2,575,923)
Net Assets - Beginning of Year	8,726,294	49,494,766	38,042,825	96,263,885	98,839,808
NET ASSETS - END OF YEAR	\$ 12,528,484	\$ 57,923,959	\$ 39,791,297	\$ 110,243,740	\$ 96,263,885

The Accompanying Notes are an Integral Part of These Financial Statements

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

STATEMENT OF CASH FLOWS
Year Ended June 30, 2013
With Summarized Totals for the Year Ended June 30, 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 13,979,855	\$ (2,575,923)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Loss on Uncollectible Pledges and Other Receivables	237,966	626,955
Realized and Unrealized (Gains) Losses on Investments	(8,165,742)	4,641,624
Contributed Stock	(146,703)	(105,726)
Proceeds from Sale of Contributed Stock	147,687	103,720
(Gain) Loss on Sale of Contributed Stock	(984)	2,006
Contributions Restricted for Investment in Perpetuity	(1,673,303)	(696,671)
Change in Value of Gift Annuities Receivable	(13,207)	2,255
Change in Value of Beneficial Interest in Charitable Remainder Trusts	(87,790)	(276,816)
(Increase) Decrease in:		
Pledges Receivable	1,004,264	1,479,476
Prepaid Expenses and Other Receivables	(247,795)	653,731
Gift Annuities Receivable	(7,333)	(3,858)
Beneficial Interest in Charitable Remainder Trusts	(494,300)	539,702
Increase (Decrease) in:		
Accounts Payable and Accrued Liabilities	(15,580)	17,646
Amounts Payable to the University	115,862	(108,986)
Amounts Payable to Other University Auxiliary Organization	247,867	12,400
Deferred Revenue	(67,708)	(62,500)
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,813,056	4,249,035
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Investments	(2,949,981)	(5,255,937)
Net Proceeds from Sale and Maturities of Investments	1,625,000	1,775,000
Interest and Dividends Reinvested	(1,955,672)	(2,248,513)
NET CASH USED IN INVESTING ACTIVITIES	(3,280,653)	(5,729,450)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions Restricted for Investment in Perpetuity	1,673,303	696,671
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,205,706	(783,744)
Cash and Cash Equivalents - Beginning of Year	2,880,884	3,664,628
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 6,086,590	\$ 2,880,884
Cash and Cash Equivalents	\$ 3,587,009	\$ 2,279,235
Restricted Cash and Cash Equivalents	2,499,581	601,649
TOTAL CASH AND CASH EQUIVALENTS	\$ 6,086,590	\$ 2,880,884

The Accompanying Notes are an Integral Part of These Financial Statements

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 1 - ORGANIZATION

California State University, Northridge Foundation (the Foundation) is a nonprofit 501(c)(3) California corporation that serves as an auxiliary organization to California State University, Northridge with a goal of furthering the purposes and objectives of the University. The Foundation's main function is to administer the receiving and disbursing of gifts, grants, contracts, bequests, and trusts from various donors to different departments of the University. The Foundation also assists the University in various activities, including accumulation and managing life income, annuity and student scholarship funds and administering funds for various educational related functions, special programs and other activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting.

(b) ACCOUNTING

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the Foundation are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

- **Unrestricted - Undesignated.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions and performing administrative functions.
- **Unrestricted - Board-Designated.** The Board has designated \$4,000,000 as an operating fund reserve mandated by the Financial Standard and Fiscal Viability Guidelines and policy statement of the Chancellor of California State University, Northridge.
- **Unrestricted - President's Special Fund.** The Board of Directors has designated a portion of unrestricted net assets for the purpose of special projects of the President of California State University, Northridge. The Foundation has \$101,328 of President's Special Fund net assets at June 30, 2013.
- **Temporarily Restricted.** The Foundation reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from purpose or time restrictions. The Foundation has \$57,923,959 of temporarily restricted net assets at June 30, 2013.

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) ACCOUNTING (continued)

- **Permanently Restricted.** These net assets are from donors who stipulate that resources are to be maintained permanently, but permit the Foundation to expend all of the income (or other economic benefits) derived from the donated assets. The Foundation has \$39,791,297 of permanently restricted net assets at June 30, 2013.

(c) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are short-term, highly liquid investments with maturities of three months or less at the time of purchase. The carrying value of cash and cash equivalents at June 30, 2013 approximates its fair value.

The Foundation maintains its cash and cash equivalents in bank deposit accounts and other investment accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

(d) INVESTMENTS

Investments in equity and debt securities with readily determinable market values are reported at fair value. The fair value of investments is valued at the closing price on the last business day of the fiscal year. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income is recorded when earned.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Investments are made according to the investment policies, guidelines, and objectives adopted by the Foundation's Board of Directors. These guidelines provide for investments in equities, fixed income, and other securities with performance measured against appropriate indices. The investments are generally managed by outside investment managers contracted by the Foundation. Market values of such investments and credit ratings of bond issuers are routinely reviewed by the Board of Directors.

(e) PLEDGES RECEIVABLE

Unconditional contributions, including pledges recorded at estimated net realizable value, are recognized as revenues when pledges are made. The Foundation reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Discounts for pledges (pledges due over one year) are recorded as reductions to contribution revenue and pledges receivable. Discounts increase contribution revenue when the pledge is received. At June 30, 2013, the Foundation evaluated the collectibility of pledges receivable. Pledges receivable at June 30, 2013 are net of an allowance for uncollectible pledges of \$645,355.

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) GIFT ANNUITIES RECEIVABLE

On behalf of the Foundation, the University has received donations of assets in exchange for distributions of a fixed amount for a specific period of time to the donor or other beneficiaries. The fair market value of the donated assets at June 30, 2013 was \$494,534, the annuitant liability, adjusted to reflect changes in life expectancies, was \$311,680. The net receivable due from the University at June 30, 2013 was \$182,854.

(g) BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUSTS

The Foundation has been designated as the beneficiary of assets held in seven charitable remainder trusts administered by other trustees. A receivable is recorded at the present value of the amount held by the trustee that is expected to be received by the Foundation. The Foundation uses an interest rate commensurate with the risks involved to discount the contribution receivable. The discount rate used during the year ended June 30, 2013 was 2.0%. The amortization of this discount and changes in actuarial assumptions are reflected in the statement of activities as a change in value of beneficial interest in charitable remainder trusts.

(h) COLLECTIONS

The collections, which were acquired through contributions since the Foundation's inception, are not recognized as assets on the statement of financial position. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired, or as temporarily or permanently restricted net assets if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected on the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes. There were no collection items acquired or deaccessioned during the year ended June 30, 2013.

The Foundation's collections are made up of rare Chinese artifacts that are held for educational, research, scientific, and curatorial purposes. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. The collections are subject to a policy that requires proceeds from deaccessioning to be used to acquire other items for collections.

(i) DEFERRED REVENUE

In a prior year, the Foundation received a contribution that is conditional upon a continuing operating agreement between the donor and the University. The term of the operating agreement is eight years, and should the agreement be terminated prior to expiration, any unamortized portion of the contribution will be required to be returned to the donor. Due to the conditional nature of this contribution, only the amortized portion in the amount of \$67,708 has been recognized as contribution revenue during the year ended June 30, 2013, with the unamortized balance of \$57,292 included in deferred revenue.

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) CONTRIBUTED GOODS AND SERVICES

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. For the year ended June 30, 2013, the Foundation recorded in-kind contributions of \$160,851 (See Note 5).

The Foundation has an arrangement with the University whereby the Foundation receives support from the University to assist in the payment of salaries, use of office space and certain administrative expenses. In return, the Foundation provides services to the University primarily related to fundraising support, management of donated funds, and departmental support. These amounts are not included in the financial statements of the Foundation; however for the year ended June 30, 2013, University support for the Foundation totaled \$372,758.

(k) INCOME TAXES

The Foundation is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

(l) FUNCTIONAL ALLOCATION OF EXPENSES

The direct costs of providing the Foundation's programs and other activities which are identifiable have been allocated to the related programs or supporting services. Indirect or shared costs are allocated among program and supporting services by the method that best measures the relative degree of benefit.

(m) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Accordingly, actual results could differ from those estimates.

(n) COMPARATIVE TOTALS

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2013, for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through September 12, 2013, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Foundation has implemented the fair value accounting standard for those assets (and liabilities) that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

The following table presents information about the Foundation's assets that are measured at fair value on a recurring basis at June 30, 2013 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2013	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Equities	\$ 30,534,290	\$ 26,537,102	\$ 3,997,188	\$ -
Non U.S. Equities	21,748,605	12,815,312	8,933,293	-
U.S. Fixed Income	27,730,849	-	27,730,849	-
Real Estate	2,658,149	2,658,149	-	-
Hedge Fund of Funds	209,121	-	-	209,121
Limited Partnership	14,664,288	-	-	14,664,288
TOTAL INVESTMENTS	97,545,302	42,010,563	40,661,330	14,873,409
Gift Annuities Receivable (Net)	182,854	-	-	182,854
Beneficial Interest in Charitable Remainder Trusts	1,175,157	-	-	1,175,157
TOTAL	\$ 98,903,313	\$ 42,010,563	\$ 40,661,330	\$ 16,231,420

The fair values of investments within Level 1 were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 3 - FAIR VALUE MEASUREMENTS (continued)

The fair values of fixed income securities within Level 2 were obtained based on data points that are observable, such as quoted prices in active markets, interest rates and yield curves.

Equity investments within Level 2 are in proprietary funds with strategies ranging from small to large cap value and international securities. Investments are valued using the net asset value (NAV) provided by the fund managers. Redemptions occur by contract and there are no unfunded commitments at June 30, 2013.

The fair value of the hedge fund of funds within Level 3 was based on the NAV of units held by the Foundation. The NAV is determined by the asset managers based on the value of underlying investments within the funds, with reference to liquidity restrictions.

The fair values of the gift annuities receivable and the beneficial interest in charitable remainder trusts within Level 3 were determined as described in Note 2(f) and Note 2(g).

The fair value of the limited partnership interest within Level 3 is valued at the amount reported to the Foundation by the general partner. The limited partnership investment offers a large endowment investment model that invests through funds and limited partnerships in a global multi-asset portfolio that includes global public equity, tactical/hedged equity, private equity, natural resources, absolute return and fixed income. The investment is subject to an initial 2 year lock-up period and distributions begin the January following the request for withdrawal. Distribution of the pro-rata share of the liquid investments would be received that January and the pro-rata share of any illiquid investments would be determined at that time and distributed quarterly over a range of eight to ten years. There are no unfunded commitments at June 30, 2013.

The Foundation recognizes transfers at the beginning of each reporting period. Transfers between Level 1 and 2 generally relate to whether a market becomes active or inactive. The transfers between level 2 and 3 investments relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety and when redemption rules become more or less restrictive. There were no transfers between levels during the year ended June 30, 2013.

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 3 - FAIR VALUE MEASUREMENTS (continued)

The table below sets forth a summary of changes in the fair value of the Foundation's Level 3 assets for the year ended June 30, 2013.

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			Total
	Unrestricted	Temporarily Restricted	Temporarily Restricted	
	Investment in Hedge Fund of Funds and Limited Partnership	Gift Annuities Receivable	Beneficial Interest in Charitable Remainder Trusts	
Beginning Balance	\$ 4,883,106	\$ 162,314	\$ 593,067	\$ 5,638,487
Change in Value	-	13,207	87,790	100,997
Additions	-	7,333	494,300	501,633
Sales	(5,321,570)	-	-	(5,321,570)
Purchases	14,859,635	-	-	14,859,635
Realized and Unrealized Gains	452,238	-	-	452,238
ENDING BALANCE	\$ 14,873,409	\$ 182,854	\$ 1,175,157	\$ 16,231,420

Net investment income for the year ended June 30, 2013 consists of the following:

Net Realized and Unrealized Gains	\$ 8,165,742
Interest and Dividends	2,340,821
Investment Management Expense	(385,149)
INVESTMENT INCOME (NET)	\$ 10,121,414

Included in investments at June 30, 2013 is \$39,280,840 of investments restricted in perpetuity.

NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable at June 30, 2013 are due to be received as follows:

	Temporarily Restricted	Permanently Restricted	Total
Due in 1 Year	\$ 1,361,910	\$ 326,949	\$ 1,688,859
Due in 2-5 Years	3,378,261	344,701	3,722,962
Due in over 5 Years	100,000	-	100,000
TOTAL	\$ 4,840,171	\$ 671,650	5,511,821
Less:			
Allowance for Uncollectible Pledges Receivable			(645,355)
Discount to Reflect Present Value of Pledges Receivable (Discount Rate at 5%)			(285,390)
PLEDGES RECEIVABLE (NET)			\$ 4,581,076

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 5 - UNIVERSITY DEPARTMENTAL SUPPORT EXPENSE

University departmental support expense is dependent on the annual requirements of the various University faculties and departments and on contributed goods received during the year. Contributed goods that have a value that will depreciate, or that have a short useful life, are transferred to the University. Contributed goods with a cultural or artistic life are retained by the Foundation. Contributed goods transferred to the University during the year ended June 30, 2013, and included in University departmental support expense, amounted to \$160,851.

NOTE 6 - NET ASSETS

(a) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2013 consist of the following:

Departmental Programs	\$ 26,296,716
Scholarships	15,151,868
Capital Projects	3,042,358
Research	1,253,735
Other	<u>12,179,282</u>
<i>TOTAL TEMPORARILY RESTRICTED NET ASSETS</i>	<u>\$ 57,923,959</u>

(b) PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at June 30, 2013 totaled \$39,791,297, which includes contributions restricted by donors for investment in perpetuity. The earnings from the investments are available for the general support of the Foundation's programs and operations, unless otherwise designated by the donor. Restricted cash and cash equivalents of \$2,499,581 at June 30, 2013 are part of the permanent endowment investment portfolio.

NOTE 7 - ENDOWMENTS

The Foundation's endowments consist of funds established for a variety of purposes. Endowment funds are established by donor-restricted gifts and bequests to either provide a permanent endowment, which is to provide a permanent source of income to the Foundation, or a term endowment, which is to provide income for a specified period to the Foundation (See Note 6). Beneficial interests in charitable remainder trusts and gift annuities are not considered part of the Foundation's endowments, nor are Board designated net assets, since they are designated for particular programs or capital projects. Endowment pledges receivable are not considered part of the Foundation's endowments until collected.

The Foundation's management understands California State law as (1) requiring the preservation of the fair value of the original gifts as of the gift date of the donor restricted endowment funds, absent donor stipulations to the contrary and (2) allowing the spending of income and gains on permanently restricted endowments, absent explicit donor stipulations that all or a portion of such gains be maintained in perpetuity.

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 7 - ENDOWMENTS (continued)

The primary long-term financial objective for the Foundation's endowments is to preserve the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation and costs of portfolio management. Performance of the overall endowment against this objective is measured over an investment horizon of five to seven years. The endowments are also managed to optimize the long run total rate of return on invested assets, assuming a prudent level of risk. The goal for this rate of return is one that funds the Foundation's existing spending policy and allows sufficient reinvestment to grow the endowment principal at a rate that exceeds inflation (as measured by the Consumer Price Index). Over the short term, the return for each element of the endowment portfolio should match or exceed each of the returns for the broader capital markets in which assets are invested.

At times, the fair value of assets associated with these endowment funds may fall below the level that the donors require the Foundation to retain as funds of perpetual duration. These deficiencies result from unfavorable market fluctuations. In accordance with generally accepted accounting principles, there were no deficiencies of this nature reported in unrestricted net assets at June 30, 2013.

The Foundation's Board of Directors has developed a spending policy that distributes a specific payout rate of the endowment base to support the Foundation's programs. Such a policy allows for a greater predictability of spendable income for budgeting purposes and for gradual steady growth for the support of operations by the endowments. In addition, this policy minimizes the probability of invading the principal over the long term. The Foundation's Board of Directors annually approves the spending rate and for the year ended June 30, 2013 the spending rate was 4% of the market value of those endowments without deficiencies or deficits as described above.

**Endowment Net Asset
Composition by Type of
Fund at June 30, 2013**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted	\$ -	\$ 23,836,184	\$ 39,280,840	\$ 63,117,024

**Changes in Endowment Net
Assets for the Year Ended
June 30, 2013**

Endowment Net Assets -				
Beginning of Year	\$ (1,962)	\$ 20,077,823	\$ 34,520,206	\$ 54,596,067
Contributions	-	41,010	1,673,303	1,714,313
Donor Reclassifications	-	282,000	42,490	324,490
Collection of Permanently Restricted Pledges Receivable	-	-	3,044,841	3,044,841
Endowment Assets Appropriated for Expenditure	-	(3,030,952)	-	(3,030,952)
Investment Income (Net)	1,962	6,466,303	-	6,468,265

***ENDOWMENT NET
ASSETS - END OF YEAR***

	\$ -	\$ 23,836,184	\$ 39,280,840	\$ 63,117,024
--	------	---------------	---------------	---------------

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 7 - ENDOWMENTS (continued)

The endowment net assets are held as follows at June 30 2013:

	<u>Investments</u>	<u>Restricted Cash</u>	<u>Total</u>
Endowment Portfolio	\$ 60,617,443	\$ 2,499,581	\$ 63,117,024
Non-Endowment and Short-Term Portfolio	36,927,859	-	36,927,859
<i>TOTAL</i>	<u>\$ 97,545,302</u>	<u>\$ 2,499,581</u>	<u>\$ 100,044,883</u>

**CALIFORNIA STATE UNIVERSITY,
NORTHRIDGE FOUNDATION**

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2013

CALIFORNIA STATE UNIVERSITY, NORTHRIDGE FOUNDATION

Schedule of Net Position

June 30, 2013

(for inclusion in the California State University)

Assets:	
Current assets:	
* Cash and cash equivalents	\$ 3,587,009
* Short-term investments	36,927,859
* Accounts receivable, net	-
* Leases receivable, current portion	-
* Notes receivable, current portion	-
* Pledges receivable, net	1,688,859
* Prepaid expenses and other assets	<u>125,764</u>
Total current assets	<u>42,329,491</u>
Noncurrent assets:	
* Restricted cash and cash equivalents	2,499,581
* Accounts receivable, net	1,358,011
* Leases receivable, net of current portion	-
* Notes receivable, net of current portion	224,630
* Student loans receivable, net	-
* Pledges receivable, net	2,892,217
* Endowment investments	60,617,443
* Other long-term investments	-
* Capital assets, net	-
* Other assets	<u>884,300</u>
Total noncurrent assets	<u>68,476,182</u>
Total assets	<u>110,805,673</u>
Deferred outflows of resources:	
Unamortized loss on refunding(s)	<u>-</u>
Total deferred outflows of resources	<u>-</u>
Liabilities:	
Current liabilities:	
Accounts payable	504,641
Accrued salaries and benefits payable	-
Accrued compensated absences— current portion	-
Unearned revenue	57,292
Capitalized lease obligations – current portion	-
Long-term debt obligations – current portion	-
Self-insurance claims liability - current portion	-
Depository accounts	-
Other liabilities	<u>-</u>
Total current liabilities	<u>561,933</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenue	-
Grants refundable	-
Capitalized lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Self-insurance claims liabilities, net of current portion	-
Depository accounts	-
Other postemployment benefits obligation	-
Other liabilities	<u>-</u>
Total noncurrent liabilities	<u>-</u>
Total liabilities	<u>561,933</u>
Deferred inflows of resources:	
Deferred inflows from SCAs, grants, and others	<u>-</u>
Total deferred inflows of resources	<u>-</u>
Net Position:	
Net investment in capital assets	-
Restricted for:	
Nonexpendable – endowments	39,791,297
Expendable:	
Scholarships and fellowships	15,151,868
Research	1,253,735
Loans	-
Capital projects	3,042,358
Debt service	-
Other	38,475,998
Unrestricted	<u>12,528,484</u>
Total net position	<u>\$ 110,243,740</u>

CALIFORNIA STATE UNIVERSITY, NORTHRIDGE FOUNDATION

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2013

(for inclusion in the California State University)

Revenues:

Operating revenues:

Student tuition and fees (net of scholarship allowances of \$_____)	\$	-
Grants and contracts, noncapital:		
Federal		-
State		-
Local		-
Nongovernmental		-
Sales and services of educational activities		-
Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____)		-
Other operating revenues		-
		<hr/>
Total operating revenues		-
		<hr/>

Expenses:

Operating expenses:

Instruction		418,216
Research		317,935
Public service		406,441
Academic support		844,524
Student services		711,701
Institutional support		3,324,204
Operation and maintenance of plant		-
Student grants and scholarships		1,702,760
Auxiliary enterprise expenses		-
Depreciation and amortization		-
		<hr/>
Total operating expenses		7,725,781
		<hr/>
Operating income (loss)		(7,725,781)
		<hr/>

Nonoperating revenues (expenses):

State appropriations, noncapital		-
Federal financial aid grants, noncapital		-
State financial aid grants, noncapital		-
Local financial aid grants, noncapital		-
Nongovernmental and other financial aid grants, noncapital		-
Other federal nonoperating grants, noncapital		-
Gifts, noncapital		8,698,071
Investment income (loss), net		10,121,414
Endowment income (loss), net		-
Interest Expenses		-
Other nonoperating revenues (expenses)		1,212,848
		<hr/>
Net nonoperating revenues (expenses)		20,032,333
		<hr/>

Income (loss) before other additions 12,306,552

State appropriations, capital		-
Grants and gifts, capital		-
Additions (reductions) to permanent endowments		1,673,303
		<hr/>
Increase (decrease) in net position		13,979,855

Net position:

Net position at beginning of year, as previously reported		96,263,885
Restatements		-
		<hr/>
Net position at beginning of year, as restated		96,263,885
		<hr/>
Net position at end of year	\$	110,243,740
		<hr/>

CALIFORNIA STATE UNIVERSITY, NORTHRIDGE FOUNDATION
 Other Information
 June 30, 2013
 (for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2013:

Depreciation and amortization expense related to capital assets	\$ -
Amortization expense related to other assets	-
Total depreciation and amortization	<u>\$ -</u>

4 Long-term liabilities activity schedule:

	<u>Balance June 30, 2012</u>	<u>Prior period adjustments</u>	<u>Reclassifications</u>	<u>Balance June 30, 2012 (restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2013</u>	<u>Current portion</u>	<u>Long-term portion</u>
Accrued compensated absences	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capitalized lease obligations:									
Gross balance	-	-	-	-	-	-	-	-	-
Unamortized premium / (discount) on capitalized lease obligations	-	-	-	-	-	-	-	-	-
Total capitalized lease obligations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Long-term debt obligations:									
Revenue Bonds	-	-	-	-	-	-	-	-	-
Other bonds (non-Revenue Bonds)	-	-	-	-	-	-	-	-	-
Commercial Paper	-	-	-	-	-	-	-	-	-
Note Payable related to SRB	-	-	-	-	-	-	-	-	-
Other:									
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Total long-term debt obligations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unamortized bond premium / (discount)	-	-	-	-	-	-	-	-	-
Unamortized loss on refunding	-	-	-	-	-	-	-	-	-
Total long-term debt obligations, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

5 Future minimum lease payments - capital lease obligations:

	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
Year ending June 30:			
2014	\$ -	\$ -	\$ -
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019 - 2023	-	-	-
2024 - 2028	-	-	-
2029 - 2033	-	-	-
2034 - 2038	-	-	-
2039 - 2043	-	-	-
2044 - 2048	-	-	-
2049 - 2053	-	-	-
2054 - 2058	-	-	-
2059 - 2063	-	-	-
Total minimum lease payments	<u>-</u>	<u>-</u>	<u>-</u>
Less amounts representing interest			<u>-</u>
Present value of future minimum lease payments			<u>-</u>
Less: current portion			<u>-</u>
Capitalized lease obligation, net of current portion			<u>\$ -</u>

CALIFORNIA STATE UNIVERSITY, NORTHRIDGE FOUNDATION
 Other Information
 June 30, 2013
 (for inclusion in the California State University)

6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019 - 2023	-	-	-	-	-	-	-	-	-
2024 - 2028	-	-	-	-	-	-	-	-	-
2029 - 2033	-	-	-	-	-	-	-	-	-
2034 - 2038	-	-	-	-	-	-	-	-	-
2039 - 2043	-	-	-	-	-	-	-	-	-
2044 - 2048	-	-	-	-	-	-	-	-	-
2049 - 2053	-	-	-	-	-	-	-	-	-
2054 - 2058	-	-	-	-	-	-	-	-	-
2059 - 2063	-	-	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

7 Calculation of net position

7.1 Calculation of net position - Net investment in capital assets

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
Capital assets, net of accumulated depreciation	\$ -	\$ -	\$ -
Capitalized lease obligations - current portion	-	-	-
Capitalized lease obligations, net of current portion	-	-	-
Long-term debt obligations - current portion	-	-	-
Long-term debt obligations, net of current portion	-	-	-
Portion of outstanding debt that is unspent at year-end	-	-	-
Other adjustments: (please list)			
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Net position - net investment in capital asset	\$ -	\$ -	\$ -

7.2 Calculation of net position - Restricted for nonexpendable - endowments

Portion of restricted cash and cash equivalents related to endowments	\$ -	\$ 2,499,581	\$ 2,499,581
Endowment investments	-	60,617,443	60,617,443
Other adjustments: (please list)			
Temporarily Restricted Assets Investment in Endowment Investment	-	(23,975,045)	(23,975,045)
Endowment Pledges	-	649,318	649,318
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Net position - Restricted for nonexpendable - endowments per SNP	\$ -	\$ 39,791,297	\$ 39,791,297

CALIFORNIA STATE UNIVERSITY, NORTHRIDGE FOUNDATION

Other Information

June 30, 2013

(for inclusion in the California State University)

8 Transactions with Related Entities

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 1,231,863
Payments to University for other than salaries of University personnel	272,238
Payments received from University for services, space, and programs	81,843
Gifts-in-kind to the University from Auxiliary Organizations	160,851
Gifts (cash or assets) to the University from recognized Auxiliary Organizations	60,378
Accounts (payable to) University (enter as negative number)	(26,625)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University	7,220
Other amounts receivable from University	-

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$ -
Contributions during the year	<u>-</u>
Increase (decrease) in net OPEB obligation (NOO)	-
NOO - beginning of year	<u>-</u>
NOO - end of year	<u><u>\$ -</u></u>

10 Pollution remediation liabilities under GASB Statement No. 49:

<u>Description</u>	<u>Amount</u>
Add description	\$ -
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	<u>-</u>
Total pollution remediation liabilities	-
Less: current portion	<u>-</u>
Pollution remediation liabilities, net of current portion	<u><u>\$ -</u></u>

CALIFORNIA STATE UNIVERSITY, NORTHRIDGE FOUNDATION

Other Information

June 30, 2013

(for inclusion in the California State University)

11 The nature and amount of the prior period adjustment(s) recorded to beginning net position

	<u>Net Position Class</u>	<u>Amount Dr. (Cr.)</u>
Net position as of June 30, 2012, as previously reported		\$ 96,263,885
Prior period adjustments:		
1 (list description of each adjustment)		-
2 (list description of each adjustment)		-
3 (list description of each adjustment)		-
4 (list description of each adjustment)		-
5 (list description of each adjustment)		-
6 (list description of each adjustment)		-
7 (list description of each adjustment)		-
8 (list description of each adjustment)		-
9 (list description of each adjustment)		-
10 (list description of each adjustment)		-
Net position as of June 30, 2012, as restated		<u>\$ 96,263,885</u>

Provide a detailed breakdown of the journal entries (at the financial statement line item level) booked to record each prior period adjustment:

	<u>Debit</u>	<u>Credit</u>
Net position class: _____		
1 (breakdown of adjusting journal entry)	\$ -	\$ -
Net position class: _____		
2 (breakdown of adjusting journal entry)	-	-
Net position class: _____		
3 (breakdown of adjusting journal entry)	-	-
Net position class: _____		
4 (breakdown of adjusting journal entry)	-	-
Net position class: _____		
5 (breakdown of adjusting journal entry)	-	-
Net position class: _____		
6 (breakdown of adjusting journal entry)	-	-
Net position class: _____		
7 (breakdown of adjusting journal entry)	-	-
Net position class: _____		
8 (breakdown of adjusting journal entry)	-	-
Net position class: _____		
9 (breakdown of adjusting journal entry)	-	-
Net position class: _____		
10 (breakdown of adjusting journal entry)	-	-